GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3672
ANSWERED ON:27.04.2007
PERMISSION TO OPEN BANK BRANCHES
Subbarayan Shri K.

Will the Minister of FINANCE be pleased to state:

(a) the number of Public/Pfivate Sector Banks which have sought permission to open their branches in the SEZs, bank-wise;

(b) the criteria fixed to accord permission in this regard; and

(c) the present status thereof ?

Answer

MINISTER OF STATE tN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a),(b)&(e}: la terms of Section 23 of the Banking Regulation Act, 1949, basks are required to obtain prior apf>roval of the Reserve Bank of India(RBI) for opening of a new place of business. Such proposals are considered m terms of extant Braech Authorisation Policy of RBI. Under the existing guidelines of RBI, Public Sector Banks, Private Sector Banks and. Foreign Banks operating in India and authorized to leal m foreign exchange are eligible to set up Offshore Banking Units (OBUs). Preference is given to banks having overseas branches and experience of ruamng OBUs. However, RBI has decided that each eligible bank would be permitted to establish only one OBU for every SE2 essentially to carry out wholesale banking operations. Out of 14 approvals given by the RBI so far, banks have opened seven OBUs in SEZs till date. Proposals for setting up General Banking Branches (GBBs) in SEZs have been received by RBI from the Central Bank of India and Union Bank of India and applications from three banks namely Allahabad Bask, State Baak of Bikaner and Jaipur and Kotak Mahiadra Bank have been received by the RBI for setting up OBUs in Uttar Pradesh, Rajasthan and Mumbai respectively. A statement giving the details is attached at Annexure-A.